

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 981 - SB 1767**

March 10, 2009

**SUMMARY OF BILL:** Increases, from \$100,000 to \$250,000, the maximum amount the Tennessee Insurance Guaranty Association (TIGA) is required to pay a claimant for a claim if their insurer has been determined insolvent. Excludes workers' compensation claims.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – Not Significant**

Assumptions:

- Payment of additional claims may result in higher fees charged to insurance companies paid to TIGA. According to the Department of Commerce and Insurance, the fees that are paid by insurance companies to TIGA receive a 25 percent tax credit against the 2.5 percent premium tax and thereby reduce premium tax revenue.
- As of January 1, 2009, the Association had a positive balance of \$67,232,300 for use to pay these types costs. According to the Department, due to the large positive balance of this account a need to increase fees to insurance companies will not be necessary.
- According to the Department, no claims that are currently pending or have been made in the past five years would be affected by this bill.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in cursive script, reading "James W. White".

James W. White, Executive Director

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